NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1975). However, because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. The source document for this microfiche is the best copy that could be obtained prior to filming.

CIS Congressional Information Service, Inc
Washington, D.C.

99TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
99-599

AMENDING THE DISTRICT OF COLUMBIA SELF-GOVERNMENT AND GOVERNMENTAL REORGANIZATION ACT TO INCREASE THE AMOUNT AUTHORIZED TO BE APPROPRIATED AS THE ANNUAL FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA

MAY 13, 1986.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

Mr. DELLUMS, from the Committee on the District of Columbia, submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany H.R. 4479]

[Including cost estimate of the Congressional Budget Office]

The Committee on the District of Columbia, to whom was referred to the bill (H.R. 4479) to amend the District of Columbia Self-Government and Governmental Reorganization Act to increase the amount authorized to be appropriated as the annual Federal payment to the District of Columbia, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of the bill (H.R. 4479) is to increase the authorization ceiling for the annual Federal payment to the District of Columbia by $19.5 million from the present $425 million to $444.5 million for fiscal year ending September 30, 1987 and for each fiscal year thereafter.

The $444.5 million in H.R. 4479 is the amount requested in the President's budget last January. The budget book explains, "This amount provides an additional inflation adjustment to make up for the freeze applied to the payment to the District of Columbia in 1986."

71-006 O

H303-1

There was considerable discussion during the Committee mark-up of the purpose of the Federal payment and whether a portion should be earmarked for construction of a prison in the District of Columbia. The majority agreed that the prison issue should not be related to the bill before the Committee.

Background and Need for the Legislation

The 1973 Home Rule Act for the District of Columbia set a $300 million ceiling on the annual Federal payment for fiscal year 1978 and beyond. Congress has set the ceilings as follows:

Fiscal year 1982, $336.6 million, Public Law 97-30.
Fiscal year 1983, $361 million, Public Law 97-334.
Fiscal year 1984, $386 million, Public Law 98-65.
Fiscal year 1985, $425 million, Public Law 98-316.
Fiscal year 1986, $425 million, Public Law 98-316.

For fiscal year 1986, there was no increase in the Federal payment due to a "freeze". The legislation is required because of the rapid increase in the extraordinary net costs and denied revenues related to the Federal presence in the city. Since the inception of Home Rule for the District of Columbia, the Federal payment was 27 percent of the overall budget of the District. Each year, since 1975, the percent of the Federal payment as compared to the overall budget has steadily declined. The proposed $444.5 million figure in H.R. 4479 would be less than 17 percent.

Provisions of the Bill

The bill strikes out "and for the fiscal year ending September 30, 1985, and for each fiscal year ending after September 30, 1985, the sum of $424,000,000" in section 502 of the Home Rule Act and inserts in lieu thereof "for the fiscal year ending September 30, 1986, $425,000,000, and for fiscal year 1987 and each subsequent fiscal year $444,500,000."

Justification for the Federal Payment

Not only is it generally accepted that some payment is due, but The District of Columbia Self-Government and Governmental Reorganization Act of 1973 (P.L. 93-198), generally referred to as the "Home Rule Act", authorizes a payment for the presence of the federal government. The Federal payment to the District of Columbia provides compensation for the unique costs and revenue losses associated with the role of the District as the Nation's Capital. In calculating the amount of the Federal payment requested, both the costs and benefits of the federal presence are considered. More specifically, at Sec. 501(b), subsections (1)-(9) of the Act, the following factors are taken into consideration:

One, revenues, unobtainable because of the relative lack of taxable commercial and industrial property;

Two, revenues unobtainable because of the relative lack of taxable business income;

Three, potential revenues that would be realized if exemptions from District taxes were eliminated;

Four, net cost, if any, after considering other compensation for tax based deficiencies and direct and indirect taxes paid, of

Five, recurring and nonrecurring costs of unreimbursed services to the Federal Government;

Six, other expenditure requirements placed on the District by the Federal Government which are unique to the District;

Seven, benefits of Federal grants-in-aid relative to aid given other states and local governments;

Eight, recurring and nonrecurring costs of unreimbursed services rendered the District by the Federal Government; and

Nine, relative tax burden on District residents compared to that of residents in other jurisdictions in the Washington, District of Columbia, metropolitan area and in other cities of comparable size.

COMMITTEE VOTE

The committee, on May 6, 1986, approved H.R. 4479, by a recorded vote of 7 ayes, 4 nays, a quorum being present, and ordered the bill reported to the House.

Statements Required by Rule XI(1)(3) of House Rules.

OVERSIGHT FINDINGS AND RECOMMENDATIONS

The committee's oversight findings with respect to the matters with which the legislation is concerned remain as a part of its continuing congressional oversight required by the constitution and specifically provided for in the Home Rule Act (sections 601, 602, 604, and 731 of Public Law 93-198).

COMMITTEE ON GOVERNMENT OPERATIONS SUMMARY

No oversight findings and recommendations have been received which relate to this measure from the Committee on Government Operations under clause 2(b)(2) of rule X.

INFLATIONARY IMPACT

The bill, if enacted into law, will have no foreseeable inflationary impact on prices or costs in the operation of the national economy.

BUDGET AUTHORITY

This legislation for the District of Columbia creates no new budget authority or tax expenditures by the Federal Government. Therefore, a statement required by section 308(a) of the Congressional Budget and Impoundment Control Act of 1974 is not necessary.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 6, 1986.

Hon. RONALD V. DELLUMS,
Chairman, Committee on the District of Columbia, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN. The Congressional Budget Office has prepared the attached cost estimate for H.R. 4479, a bill to amend the District of Columbia Self-Government Reorganization Act to in-

crease the amount authorized to be appropriated as the annual federal payment to the District of Columbia.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

EDWARD GRAMLICH,
(For Rudolph G. Penner).

CONGRESSIONAL BUDGET OFFICE, COST ESTIMATE

1. Bill number: H.R. 4479.

2. Bill title: A bill to amend the District of Columbia Self-Government Reorganization Act to increase the amount authorized to be appropriated as the annual federal payment to the District of Columbia.

3. Bill status: As ordered reported by the House Committee on the District of Columbia, May 6, 1986.

4. Bill purpose: The bill would increase the authorized annual federal payment to the District of Columbia from $425 million to $444.5 million for 1987 and for each fiscal year thereafter.

5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1987	1988	1989	1990	1991
Authorization level	444.5	444.5	444.5	444.5	444.5
Less: Existing authorization	425.0	425.0	425.0	425.0	425.0
Net additional authorization	19.5	19.5	19.5	19.5	19.5
Estimated Additional Outlays	19.5	19.5	19.5	19.5	19.5

The costs of this bill fall within budget function 850.

Basis of estimate: This estimate assumes that the amount authorized will be appropriated. In addition, it asumes that the full appropriation for each fiscal year will be paid to the District of Columbia during that fiscal year.

6. Financing mechanism: This legislation authorizes funding to be provided in subsequent appropriation bills.

7. Estimated cost to State and local governments: The bill would result in payment of an additional $19.5 million annually to the government of the District of Columbia if the full amount authorized is appropriated.

8. Estimate comparison: None.

9. Previous CBO estimate: None.

10. Estimate prepared by: Carol Camp.

11. Estimate approved by C.G. Nuckols for James L. Blum, Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omit-

ted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 502 OF THE DISTRICT OF COLUMBIA SELF-GOVERNMENT AND GOVERNMENTAL REORGANIZATION ACT

AUTHORIZATION OF APPROPRIATIONS

SEC. 502. (a) Notwithstanding any other provision of law, there is authorized to be appropriated as the annual Federal payment to the District of Columbia for the fiscal year ending June 30, 1975, the sum of $230,000,000; for the fiscal year ending June 30, 1976, the sum of $254,000,000; for the fiscal year ending September 30, 1977, the sum of $280,000,000; for each of the fiscal years ending September 30, 1978, September 30, 1979, September 30, 1980, and September 30, 1981, the sum of $300,000,000; for the fiscal year ending September 30, 1982, the sum of $336,600,000; for the fiscal year ending September 30, 1983, the sum of $361,000,000; for the fiscal year ending September 30, 1984, the sum of $386,000,000; [and for each fiscal year ending September 30, 1985, and for each fiscal year ending after September 30, 1985, the sum of $425,000,000] *for fiscal year 1986 $425,000,000; and for fiscal year 1987 and each subsequent fiscal year $444,500,000.* For the period July 1, 1976, through September 30, 1976, there is authorized to be appropriated a Federal payment of $70,000,000.

* * * * * * *

MINORITY VIEWS OF REPRESENTATIVES STEWART B. McKINNEY AND THOMAS J. BLILEY, JR. ON H.R. 4479

The purpose of H.R. 4479, as reported by the Committee on the District of Columbia, is to increase the authorization for the Federal Payment to the District from the current level of $425 million annually to $444.5 million annually. This increase of $19.5 million, or 4.6 percent, is one to which we cannot subscribe.

It is unfortunate, we believe, that the Federal Payment has degenerated to the point of being assumed to be little more than a payment in lieu of taxes. Efforts to define the Payment as succinctly as possible, especially in the press, have resulted in looking only to the first of a series of elements which by law are to be considered in developing an appropriate funding level. The local government has found it very easy to list and quantify all of the negative impacts of the presence of the Federal government, covering every conceivable tax loss and unreimbursed cost of providing any and all forms of service to the Federal government. Yet when it comes to the offsetting benefits of the Federal presence, it is suddenly difficult to list specifics and impossible to quantify the impact.

Beyond a listing and quantification of the positive and negative impacts of the Federal Government on the District, the Federal Payment does have a function, and it is the failure to recognize this function which we find most disturbing. Sectoin 501(a) of the Home Rule Act contains the only statement in law which explains what the Federal Payment is intended to accomplish, rather than how the amount should be determined. The last sentence of section 501(a) states that:

> ". . . Such Federal Payment should operate to encourage efforts on the part of the government of the District of Columbia to maintain and increase its level of revenues and to seek such efficiencies and economics in the management of its programs as are possible."

Unfortunately, this statement has lost its significance to some, but we consider its importance to be primary.

STEWART B. MCKINNEY.
THOMAS J. BLILEY JR.

MINORITY VIEWS OF REPRESENTATIVES STAN PARRIS AND LARRY COMBEST ON H.R. 4479

H.R. 4479, as reported by the Committee on the District of Columbia, would be to increase by $19.5 million, or 4.6%, the Federal payment to the District of Columbia. This attempt at an increase from $425 million to $444.5 million, is one which we cannot support, particularly in these times of difficult budgetary decisions and funding reductions in virtually all areas.

As pointed out during the committee mark-up of H.R. 4479 by the distinguished ranking minority member of the committee, Mr. McKinney, at the root of this question seems to be the misguided determination by proponents of the bill as to what, in fact, the Federal payment is. In attempting to legitimize the proposed 4.6% increase, the city and others have complained that they have not received a so-called cost-of-living/inflationary increase in the Federal payment in a number of years.

Clearly, that faulty logic fails to consider in any way the statutorily stated purpose of the Federal payment. Citing section 501(A) of the Home Rule Act: "Such Federal payment should operate to encourage efforts on the part of the government of the District of Columbia to maintain and increase its level of revenues and to seek such efficiencies and economies in the management of its programs as are possible."

The above point is of tantamount importance in this debate. Of similar importance is the fact that, as acknowledged by the city during the mark-up, the District's actual revenues have exceeded projected estimates by more than $40 million during the current fiscal year. This is important in that it demonstrates that the city's interest lies in the filling of it's own coffers rather than in accepting a share of the hardship of budgetary reductions being experienced by virtually all segments of American society—in spite of a $40 million increase in city revenues. The District should share in this national responsibility.

In closing we would suggest that the present authorization level for the Federal payment is fair, equitable and clearly consistent with the stated function of the Federal payment. Any increase in the authorization would be unfair and unwarranted. As such, we will oppose this bill when it comes before the House for consideration.

STAN PARRIS.
LARRY COMBEST.

○